12 September 2017

TP Group plc
(“TP Group” or the “Company” or the “Group”)

Interim Report for the six months ended 30 June 2017

Growth in mission-critical systems and services

TP Group (AIM: TPG), the specialist services and engineering group, today announces its unaudited interim results for the six months ended 30 June 2017.

Financial highlights

- Revenue up 45% to £13.6m (H1 2016: £9.4m)
- Operating loss reduced to £0.3m (H1 2016 operating loss: £0.8m)
- Adjusted EBITDA[1] improved to £0.8m (H1 2016: breakeven)
- Order intake of £27.4m was more than three times that of prior year (H1 2016: £8.3m)
- Closing order book more than doubled to £30.8m (H1 2016: £13.4m)
- Cash balance of £6.7m (31 December 2016: £9.2m)

Operational highlights

- Acquired and integrated ALS Technologies Ltd. (“ALS”) and Flexible Software Solutions Ltd. (“FSS”) adding both revenue and profit
- Confirmed two large defence contracts with the Ministry of Defence (“MoD”) adding further long-term revenue visibility
- Achieved a breakthrough first contract with the UK Army, being appointed to provide technical and project support to Army HQ on their secure information system implementation
- Awarded listing on the MoD’s Multi-Participant Framework Agreement for Technical Support (FATS/5)
- Appointment of two new non-Executive Directors strengthened the Board with new skills and experience

Outlook

- Post-period end equity issue realised £20.8m (net of expenses) to fund acquisitions and further investment into the existing business
- Discussions in progress with several acquisition targets with the aim to close the first transaction by the end of the year
- The Group is growing its activity with global customers and partners in Europe, the Americas and most notably in South-East Asia, evidenced by a significant post-period contract, building our export revenues
- Visibility of future revenue improved through greater closing order book value and a strengthened pipeline of new opportunities
- The Group is leveraging existing skills and capabilities into additional verticals, including secure systems, aerospace and precision manufacturing
- Group performance provides confidence that the business will continue to trade in line with market expectations

Commenting on the results, Chief Executive Officer, Phil Cartmell said:

"TP Group has had a strong start to the year, building upon our positive achievements in 2016. We are increasingly finding ourselves engaged as systems providers, working with tier-1 prime contractors. This is adding scale and depth to our pipeline of new business opportunities.

"There is also a growing international profile in our activity. We have built a track record and enjoy strong relationships with global customers and partners. We are working with them on projects that will deliver in Europe, the Middle East and South-East Asia, and this presence has opened many potential projects that support our expansion plans in these markets.

"We were delighted with the success of our fundraising in July that raised £20.8m net of expenses. We are actively pursuing a number of opportunities that, if successfully concluded, are expected to be accretive to earnings. The Board remains focused on completing the first of these transactions in the second half of this year.

"Having continued this progress into the second half of the year, the Board is confident that the transformed business of TPG will deliver profit at the adjusted EBITDA[1] level in line with market expectations for 2017 and move onward to sustainable profitability."

Note:
1 Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation and impairment of acquired intangible assets and any other acquisition-related charges, share based payment charges and exceptional items. Exceptional items are those items believed to be exceptional in nature by virtue of their size and or incidence. Exceptional items in the period to 30 June 2017 comprise restructuring costs of £0.3m (2016: Exceptional items in 2016 comprised termination costs of £0.2m).

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Notes to Editors

TP Group designs and develops advanced technologies, engineers complex equipment and systems, and provides support throughout their operational life. The Company's shares have been traded on AIM since July 2001.

Business Review

Introduction

The Group is pleased to report it has made significant progress in the first half of 2017 and has continued to deliver market leading solutions and services to our customers across the defence, government and industrial markets.

In July 2017, post period end, the Group announced a transformational £20.8m fundraising (net of expenses), strongly supported by existing shareholders and achieving an objective of management to introduce new investors to the Company. The proceeds will be used primarily to fund acquisitions that have the potential to grow the business in terms of both widening the Group's capabilities and in earnings accretion.

The Group continues to invest in its businesses to create a balanced offering and the Board remains focused on business priorities to:

- Strengthen the Group's services capability by attracting talented systems and software engineers
- Build an experienced team to support planned acquisition activity
- Enhance capability and streamline operational effectiveness to drive profitability
- Leverage existing relationships with major customers to maximise value and expand service offerings
- Better connect the Group's business units, share capability efficiently and adding value through cross-selling services and products
- Enhance product offering and market reach through acquisition and by continued investment in the existing business

Financial Overview

The Group has continued to improve profitability at an adjusted EBITDA[1] level in the first half, through revenue growth in our core markets supported by a growing order book.

A strong close to 2016 in terms of order capture set the business up for a very positive start to the year. This momentum was sustained throughout the first half with a record order intake in the period of £27.4m, positioning the Group well as it enters the second half of the year. First half order intake was more than three times that for the equivalent period last year (H1 2016: £8.3m) and provided a sizeable closing order book of £30.8m, more than double the figure last year (H1 2016: £13.4m). With a number of these new orders taking the form of long term contracts, the Group also has enhanced revenue visibility going forward.

Order intake was strongest in the defence sector, with large contracts secured for equipment supply and equipment support, and for project services in large-scale secure communications systems. The Group continues to develop new opportunities and has an active sales pipeline.

Efficient conversion of the order book saw revenue grow to £13.6m (H1 2016: £9.4m) with positive momentum across both Engineering and Services. Engineering revenue grew £2.8m to £10.7m and Services revenue doubled to £2.9m. The Group's export business also grew, and was further supported by a £1.9m order from a new major maritime customer in South-East Asia, received in July 2017.

Central costs remained flat in the first half at £0.6m (H1 2016: £0.6m). All costs associated with supporting the business units are fully allocated to them.

The Group's revenue growth and continued focus on operational effectiveness has fed through to further improvement in operating loss, which fell by £0.5m to £0.3m, and adjusted EBITDA[1] which grew to £0.8m (H1 2016: breakeven).

The Group cash balance at 30 June 2017 was £6.7m (31 December 2016: £9.2m):

- Cash consumed in the first half from operations was £1.0m, reflecting timing of a significant collection associated with a large defence contract, originally expected in early 2017, that was received at the end of the 2016 financial year

- Cash used in investments was £1.5m, which includes the acquisitions of ALS and FSS, plus investment in manufacturing equipment to launch the Advanced Manufacturing Centre ("AMC") in Dukinfield

Management views the underlying cash position to be positive and expects to retain a healthy cash balance at the year end, in line with market expectations.

Engineering businesses

During the first half of the year, both parts of our engineering activity were focused on providing a solid and resilient platform for the Group to grow. Two large defence contracts were secured to provide long-term revenue visibility.

On 3 April 2017, the Group announced an agreement with the MoD under which TPG will manage equipment availability and spares provision for air purification systems on board Royal Navy submarines currently in service. The five-year contract has an option for a further two year extension and is estimated by the Company and the MoD to be worth at least £22m (at 2017 prices) over seven years, although the final value is dependent on spares usage. This contract is a framework and so is called off progressively over its term. The full value does not, therefore, appear on the Company's current order book. The value of orders booked in the first half of 2017 was £8.7m.

In the equipment supply area, an order for multiple oxygen generation systems for MoD submarines was confirmed. The framework contract was agreed for up to eight Combined Oxygen Generating Systems ("COGS") and additional ancillary items to upgrade in-service Royal Navy submarines. The framework contract has a potential value of up to £22.5m if all systems are ordered. On 4 May 2017, the Group announced the first call-off from the MoD under this framework, worth £9.7m. This first tranche of work is for four COGS systems plus associated documentation and logistics support to be built at TPG's facility in Portsmouth and delivered progressively over the next three years. The balance of the contract value will be added to the order book as it called off over the remainder of the contract life.

The Group has also invested in manufacturing and inspection equipment to launch the AMC at the Dukinfield facility in Greater Manchester. The AMC was set up initially to support the Group's contract with GE Oil & Gas (now Baker Hughes, a GE company) announced on 6 December 2016. It is equipped with high precision, high capacity machining centres, metrology and manufacturing systems that will serve a wide range of opportunities in aerospace, defence and other high-integrity applications.

Services businesses

The Group's Services businesses have evolved significantly during the first half of 2017. Two primary initiatives were implemented:

- the streamlining of the business to create a single services platform from which to deliver the full range of Group capabilities in a consistent way, and
- the acquisition and integration of ALS and FSS to add new capabilities, capacity and customer relationships.

The resulting consolidation of business methods has greatly reduced overlap or duplication of business processes and has established a Group-wide template to facilitate the addition of future acquired services businesses as opportunities arise. This restructuring incurred exceptional one-time restructuring costs of c£0.3m.

Services revenue doubled year-on-year to £2.9m (H1 2016: £1.5m) and contributed towards balancing business activities across the Group. Services generated 21% of Group revenue (H1 2016: 16%). The relative growth in this area is expected to continue to improve the balance of Group revenues in the long term.

The Services business is now set up to provide:

- Technical project management – services to monitor, control and integrate engineering activities to help our customers achieve their strategic objectives on time and to cost, quality and performance requirements.
- Systems engineering – requirements capture, architecture, software development, assurance and delivery roles in aerospace and defence domains on complex operational, mission- and safety-critical systems.
- Through-life support – managing the long-term availability and performance of complex equipment and systems.
- Project resourcing – supplying permanent and contract engineering resources across the aerospace and defence sectors.

A notable contract was secured in the period to provide independent technical support to an advanced communications and information management system for the Army HQ. This is a strategic MoD programme to provide information superiority to UK Commanders in the Land Environment through better information exploitation between headquarters and individual troops. TPG are providing expert skills in systems engineering, project and programme management and business analysis to complement the Army's own resources. This represents a major achievement as the Group secured its first contract with the UK Army.

In addition, the Group was awarded listing on the MoD’s Multi-Participant Framework Agreement for Technical Support (FATS/5). This is a service catalogue that allows the MoD to procure technical service work packages from pre-approved participants and provides ready access to a pipeline of future business opportunities for the Services business.

Update on acquisition targets

The Company raised £20.8 million (net of expenses) towards the end of July. The proceeds will be used to support a programme of investment in the existing business together with the acquisition of suitable companies that demonstrate synergies with the Group’s current activities, and that are intended to be accretive to earnings in the first full year following completion of their acquisition.

The Directors continue to evaluate a number of acquisition opportunities and have identified several in areas including simulation, emulation, mission control systems, satellite technologies and unmanned air vehicles, where discussions are ongoing. The Board is aiming to complete the first acquisition by the end of the year.

Strategy and Outlook

The Group is firmly focused on further developing TPG into a highly profitable business, generating annual revenues of between £90m and £100m in 2020. The Board firmly believes the defence, aerospace and government sectors offer scope to accelerate growth through the Group's leading position as a services and engineering business with a blue-chip customer base.

Over the first half of 2017 we have delivered improving organic performance, completed successful acquisitions and built a solid platform with a strategy for ambitious growth.

The acquisitions completed in February, the strengthening of the Board and the recent fundraising are key components of this plan and demonstrate that the business is ready and equipped for the next phase.

The Group's near-term strategy is in two parts - to focus on the effective management of the existing business in order to provide the strongest of platforms for the investments that are planned; and looking outwards, to identify, evaluate and complete suitable acquisitions and then integrate them into the Group in order to materially increase shareholder value.

The Group has seen increasing export opportunities and business in Europe, the Americas and most notably South-East Asia. This includes direct sales opportunities and technology developments to enhance existing products.

We have a strong platform from which to grow and achieve our targets and we look forward to achieving these targets and generating considerable shareholder value as we do so.

The Group performance provides the Board with confidence that the business will continue to trade in line with 2017 market expectations and build towards sustainable growth and profitability.

Phil Cartmell
Chief Executive Officer
12 September 2017

Derren Stroud
Chief Financial Officer

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2017 £'000	Unaudited Six months ended 30 June 2016 Re-stated[2] £'000	Audited Year ended 31 December 2016 £'000
Revenue	**13,640**	**9,363**	21,226
Cost of sales	**(9,933)**	**(6,878)**	(14,748)
Gross profit	**3,707**	**2,485**	6,478
Distribution costs	**(103)**	**(188)**	(361)
Administrative expenses	**(3,876)**	**(3,074)**	(6,381)
Operating loss	**(272)**	**(777)**	(264)
Adjusted EBITDA[1]	**760**	**12**	1,066
Depreciation, amortization and impairment	**(615)**	**(540)**	(1,051)
Acquisition related cost	**(89)**	**-**	(44)
Exceptional items	**(305)**	**(231)**	(231)
Share based payments	**(23)**	**(18)**	(4)
Operating loss	**(272)**	**(777)**	(264)
Finance cost	**-**	**(69)**	(69)
Loss before income tax	**(272)**	**(846)**	(333)
Income tax (charge)/credit	**(28)**	**22**	134
Total comprehensive loss for the period attributable to shareholders	**(300)**	**(824)**	(199)
Loss per share expressed in pence per share	Pence	Pence	Pence
Basic and diluted loss per share	**(0.07)**	(0.20)	(0.05)

All results relate to continuing activities.

1 Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation and impairment of acquired intangible assets and any other acquisition-related charges, share based payment charges and exceptional items. Exceptional items are those items believed to be exceptional in nature by virtue of their size and or incidence. Exceptional items in the period to 30 June 2017 comprise restructuring costs of £305k (2016: Exceptional items in 2016 comprised termination costs of £231k).

2 Refer to note 2 for details of re-statement

Condensed Consolidated Statement of Financial Position

	Unaudited 30 June 2017	Unaudited 30 June 2016 Re-stated[1]	Audited 31 December 2016
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Goodwill	3,918	3,918	3,918
Other intangible assets	10,298	9,054	8,775
Property, plant and equipment	1,053	693	667
	15,269	13,665	13,360
Current assets			
Inventories	540	136	116
Trade and other receivables	7,844	5,871	7,291
Taxation recoverable	-	79	71
Cash and cash equivalents	6,749	7,482	9,160
	15,133	13,568	16,638
Total assets	30,402	27,233	29,998
LIABILITIES			
Current liabilities			
Trade and other payables	(9,263)	(6,338)	(8,411)
	(9,263)	(6,338)	(8,411)
Non-current liabilities			
Deferred taxation	(1,081)	(949)	(823)
Provisions	(673)	(894)	(1,101)
	(1,754)	(1,843)	(1,924)
Total liabilities	(11,017)	(8,181)	(10,335)
Net assets	19,385	19,052	19,663
EQUITY			
Share capital	4,225	42,246	4,225
Share premium	-	13,769	-
Capital redemption reserve	-	575	-
Own shares held by the Employee Benefit Trust	(561)	(561)	(561)
Share-based payments reserve	1,201	1,192	1,178
Retained earnings	14,520	(38,169)	14,821
Total equity	19,385	19,052	19,663

[1] Refer to note 2 for details of re-statement

Condensed Consolidated Statement of Changes in Equity

Six months to 30 June 2017	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held by EBT £'000	Share-based payments reserve £'000	Retained earnings Re-stated[1] £'000	Total £'000
Balance at 1 January 2017	4,225	-	-	(561)	1,178	14,821	19,663
IFRS 2 share option charge	-	-	-	-	23	-	23
Total comprehensive loss for the period	-	-	-	-	-	(300)	(300)
Balance at 30 June 2017	4,225	-	-	(561)	1,201	14,521	19,386
Six months to 30 June 2016							
Balance at 1 January 2016	42,246	13,769	575	(561)	1,174	(37,345)	19,858
IFRS 2 share option charge	-	-	-	-	18	-	18
Total comprehensive loss for the period	-	-	-	-	-	(824)	(824)
Balance at 30 June 2016	42,246	13,769	575	(561)	1,192	(38,169)	19,052
Year to 31 December 2016							
Balance at 1 January 2016	42,246	13,769	575	(561)	1,174	(37,345)	19,858
Capital reduction	(38,021)	(13,769)	(575)	-	-	52,365	-
IFRS 2 share option charge	-	-	-	-	4	-	4
Total comprehensive loss for the year	-	-	-	-	-	(199)	(199)
Balance at 31 December 2016	4,225	-	-	(561)	1,178	(14,821)	19,663

1 Refer to note 2 for details of re-statement

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 June 2017	Unaudited Six months ended 30 June 2016	Audited Year ended 31 December 2016
	£'000	£'000	£'000
Operating activities			
Loss before income tax	(272)	(846)	(333)
Adjustments for:			
Depreciation	86	81	98
Amortisation	529	459	953
Finance cost	-	69	69
Share-based payment expense	23	18	4
(Increase)/decrease in inventories	(244)	33	53
(Increase)/decrease in trade and other receivables	(145)	496	(836)
(Decrease)/increase in trade and other payables	(512)	582	2,563
(Decrease)/increase in provisions	(428)	(202)	5
	(962)	690	2,576
Income tax received	60	-	-
Net cash (used in)/ generated from operating activities	(903)	690	2,576
Investing activities			
Purchase of subsidiary, net of cash acquired	(1,037)	-	-
Interest received	-	1	1
Purchase of property, plant and equipment	(450)	(160)	(313)
Purchase of Computer Software	(18)	(54)	(106)
Net cash used in investing activities	(1,505)	(213)	(418)
Financing activities			
Repayment of hire purchase liabilities	(3)	-	(3)
Net cash from financing activities	(3)	-	(3)
Net (decrease)/increase in cash and cash equivalents	(2,411)	477	2,155
Cash and cash equivalents at beginning of period	9,160	7,005	7,005
Cash and cash equivalents at end of period	6,749	7,482	9,160

Notes to the Condensed Consolidated Interim Financial Statements

1. Nature of operations and general information

Following the refinement of the Group's strategy, the business is now managed along two distinct business units. The principal activities of TP Group plc and its subsidiaries (the "Group") comprise:

- TPG Engineering – activities include the design, manufacture, installation and support of complex equipment. These include air purification equipment for submarines including oxygen/hydrogen generation and purification, air handling and distribution systems, heat exchange equipment used in the heating and cooling of large scale industrial processes, and other fabricated structures. This segment is a combination of the prior segments TPG Maritime and TPG Engineering.

- TPG Services – the provision of know-how and experience to add value in large and complex enterprises. Services include technical project management, systems engineering, design, software development and assurance. This segment is a combination of the prior segments TPG Design & Technology, TPG Managed Solutions and the acquired businesses of ALS Technologies Ltd and Flexible Software Solutions Ltd.

In 2016, the Group reported along four business units as follows.

- TPG Maritime – activities include the provision of air purification equipment for submarines including oxygen/hydrogen generation and purification, air handling and distribution systems.

- TPG Engineering – activities include the manufacture of heat exchange equipment used in the heating and cooling of large scale industrial processes and other fabricated structures.

- TPG Design and Technology – specialises in the design and development of high-speed turbomachinery. Innovative compressors and expander generators use patented technologies.

- TPG Managed Solutions – services to major organisations through prime contracting and provision of specialist resources

Central unallocated costs are specific costs associated with the Group's AIM listing and other Group operational costs that are not charged out to the operating companies.

TP Group plc (the "Parent Company") is the Group's ultimate parent company which is incorporated and domiciled in the United Kingdom. The address of the registered office of the Company is Cody Technology Park, Old Ively Road, Farnborough, Hampshire, GU14 0LX. The Parent Company's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The condensed consolidated interim financial statements are presented in pounds sterling, which is also the functional currency of the Parent Company, and all values are rounded to the nearest thousand pounds except when otherwise indicated.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2016, prepared under IFRS as adopted by the EU, have been delivered to the Registrar of Companies. The auditor's report on the 2016 financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on 11th September 2017.

2. Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2017. They have been prepared following the principal accounting policies and methods of computation set out in the Group's Annual Report and Accounts for the year ended 31 December 2016.

These condensed consolidated interim financial statements have been prepared under the historical cost convention using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements. While the financial figures included in this half-yearly report have been computed in accordance with IFRS applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

Going concern

The Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future, and accordingly continue to adopt the going concern basis in preparing the accounts.

2. Basis of preparation (continued)

Prior year re-statement (H1 2016)

In 2016, the Group identified that a deferred tax liability previously recognised upon acquisition of TPG Maritime on 5 April 2012 and Shaw Sheet Metal Company on 30 January 2015, had been incorrectly accounted for. This also affected the value of goodwill identified as part of the business combination accounting.

The business combination accounting treatment has, therefore been re-stated in the H1 2016 financial statements. The effects of the re-statement are as outlined below:

	H1 2016 Re-stated £'000	H1 2016 Original £'000
Goodwill	3,918	4,953
Deferred tax liability	(949)	(1,636)
Tax credit	22	70
Retained earnings	(38,169)	(37,821)
Total comprehensive loss for the year attributable to shareholders	(824)	(776)

Restatement of comparative segmental results for 2017

As set out in Note 1, the presentation of the audited segmental results for the year to 31 December 2016 and the unaudited segmental results for the six months to 30 June 2016 have been reclassified to be consistent with the current year presentation. The overall reported loss for the period has not changed.

3. Segmental Reporting

Following the refinement of the Group's strategy the business is managed along two distinct business units The following table presents revenue and profit information for each new business segment.

	TPG Engineering[2]	TPG Services[2]	Central unallocated costs	Group
	£'000	£'000	£'000	£'000
Six months ended 30 June 2017				
Revenue	10,715	2,925	–	13,640
Operating profit/(loss)	1,055	(535)	(795)	(275)
Depreciation, amortisation and impairment	514	3	101	618
Acquisition related cost	-	-	89	89
Exceptional items	-	305	-	305
Share based payments	-	-	23	23
Adjusted EBITDA[1]	1,569	(227)	(582)	760
Six months ended 30 June 2016				
Revenue	7,904	1,459	-	9,363
Operating profit/(loss)	659	(613)	(823)	(777)
Depreciation, amortization and impairment	511	8	21	540
Exceptional items	-	-	231	231
Share based payments	-	-	18	18
Adjusted EBITDA[1]	1,170	(605)	(553)	12
Year ended 31 December 2016				
Revenue	19,080	2,146	-	21,226
Operating profit/(loss)	2,168	(1,008)	(1,424)	(264)
Depreciation, amortization and impairment	1,032	19	-	1,051
Acquisition related costs	-	-	44	44
Exceptional items	-	-	231	231
Share based payments	-	-	4	4
Adjusted EBITDA[1]	3,200	(989)	(1,145)	1,066

1 Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation and impairment of acquired intangible assets and any other acquisition-related charges, share based payment charges and exceptional items. Exceptional items are those items believed to be exceptional in nature by virtue of their size and or incidence. Exceptional items in the period to 30 June 2017 comprise restructuring costs of £305k (2016: Exceptional items in 2016 comprised termination costs of £231k).

2 The presentation of the unaudited segmental results for the six months to 30 June 2016 and 31 December 2016 have been reclassified to be consistent with the current year presentation in line with the Group's refined strategy. The overall reported loss for the period has not changed. TPG Engineering is a combination of the 2016 segments TPG Maritime and TPG Engineering, TPG Services is a combination of the 2016 segments TPG Design & Technology, TPG Managed Solutions and the acquired businesses of ALS Technologies Ltd and Flexible Software Solutions Ltd.

3. Segmental Reporting (continued)

The following table presents revenue and profit information for each business segment, as previously applied in the business for the year ended 31 December 2016.

	TPG Maritime	TPG Engineering	TPG D&T	TPG MS[2]	Central unallocated costs	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Six months ended 30 June 2017						
Revenue	6,769	3,946	313	2,612	–	13,640
Operating profit/(loss)	1,579	(524)	(475)	(60)	(795)	(275)
Depreciation, amortisation and impairment	425	89	2	2	101	618
Acquisition related cost	-	-	-	-	89	89
Exceptional items	-	-	305	-	-	305
Share based payments	-	-	-	-	23	23
Adjusted EBITDA[1]	2,003	(435)	(168)	(58)	(582)	760
Six months ended 30 June 2016						
Revenue	5,155	2,749	279	1,180	–	9,363
Operating profit/(loss)	1,300	(641)	(752)	139	(823)	(777)
Depreciation, amortisation and impairment	421	90	8	-	21	540
Exceptional items	-	-	-	-	231	231
Share based payments	-	-	-	-	18	18
Adjusted EBITDA[1]	1,721	(551)	(744)	139	(553)	12
Year ended 31 December 2016						
Revenue	12,229	6,851	757	1,389	-	21,226
Operating profit/(loss)	3,335	(1,167)	(975)	(33)	(1,424)	(264)
Depreciation, amortisation and impairment	859	173	16	3	-	1,051
Acquisition related cost	-	-	-	-	44	44
Exceptional items	-	-	-	-	231	231
Share based payments	-	-	-	-	4	4
Adjusted EBITDA[1]	4,194	(994)	(959)	(30)	(1,145)	1,066

1 Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation and impairment of acquired intangible assets and any other acquisition-related charges, share based payment charges and exceptional items. Exceptional items are those items believed to be exceptional in nature by virtue of their size and or incidence. Exceptional items in the period to 30 June 2017 comprise restructuring costs of £305k (2016: Exceptional items in 2016 comprised termination costs of £231k).

2 The TPG MS 2017 numbers include the acquired businesses of ALS Technologies Ltd and Flexible Software Solutions Ltd.

4. Loss per share

The calculation of the basic loss per share is based on the loss after tax for the period divided by the weighted average number of shares in issue during the period as follows:

	Unaudited Six months ended 30 June 2017	**Unaudited Six months ended 30 June 2016**	**Audited Year ended 31 December 2016**
	number	**number**	**number**
Weighted average shares in issue	420,857,956	420,857,956	420,857,956

The weighted average number of shares in issue has been reduced by deducting the weighted average number of shares held by the Employee Benefit Trust of 1,606,770 shares (six months ended 30 June 2016 and year ended 31 December 2016: 1,606,770 shares).

The issue of additional shares on exercise of employee share options would decrease the basic loss per share and there is therefore no dilutive effect of employee share options.

5. Business combinations during the period

On 6 February 2017, the Group through its parent company TP Group plc, acquired 100% of the issued share capital of ALS Technologies Limited ("ALS") and Flexible Solutions Software Limited ("FSS") on a normalised working capital and cash free/debt free basis, for a combined initial consideration of £1.25 million and a maximum further discounted deferred consideration of £1.8 million based on the combined performance of both businesses. The acquisition costs have been paid in cash from the Group's existing cash resources. ALS and FSS specialise in providing consulting services to both the public and private sectors. Payback of the investment is expected within four years.

The principal reason for this acquisition is to support the Group's evolution as a diversified engineering group providing not only design and manufacture of bespoke engineering solutions but also technical support and management to both the public and private sectors. Both FSS and ALS now form part of the Services business segment.

Provisional estimates of the fair value of identifiable assets and liabilities acquired are as follows:

ALS and FSS	**Book Value**	**Fair Value**
	£'000	**£'000**
Property, plant & equipment	22	22
Identifiable intangible assets	-	2,035
Cash and cash equivalents	440	440
Financial assets	592	592
Financial liabilities	(548)	(548)
Deferred taxation	-	(346)
Total identifiable net assets	**506**	**2,195**
Goodwill arising on consolidation		-
Estimated consideration		**2,195**

The Group has provisionally fair valued intangible assets relating to Customer Relationships of £2,035,000. The estimated consideration payable includes the initial cash consideration paid of £1,477,000 (£981,000 ALS and £56,000 FSS, together with £440,000 of cash and cash equivalents acquired) and a fair value estimate of the contingent consideration of £718,000.